



SEZ

Border SEZ Development Policy



Decision-Making Mechanism

Cabinet



The National Committee on Special Economic Zone Development (NC-SEZ)



Approaches



Promote and facilitate investment



Develop economic activities in accordance with potential of each area



Provide economic & social infrastructure: transportation/cross-border facilities/electricity/water/safety/public health/labor/environment



Encourage the people & other development partners in development participation



Strengthen the efficiency of doing business of community enterprises and private sectors in SEZs



Protect natural resources and environment in SEZs



Vision

Goal

Obj.

Special economic zones will become an economic gateway connecting with the neighboring countries, and the people will have better quality of life.

Special Economic Zones will have concrete and balanced development, improve the people's quality of life, and solve security problems.

1. Prosperity contribution to border areas 2. Income and quality of life improvement 3. Security solving



Risk

- Public acceptance
- Budget allocation
- Security impact
- International relations



Principles

- ✓ Implement projects under existing laws
- ✓ Determine the role of government in granting incentives, providing necessary infrastructure, facilitating investment, and encouraging private sectors in investment and people in participation
- ✓ Have no negative impacts on environment, natural resources, society, security, and relationships with the neighboring countries
- ✓ Be flexible & adjustable according to circumstances
- ✓ Designate the land boundaries of SEZs according to administrative boundaries



Implementation Plan

Work Plan

- Incentives
- Infrastructures and customs checkpoints
- Labor management
- Improvement of health services for border residents, including health insurance for migrant labor
- State owned land for rent in industrial or service activities
- Security
- Natural resources and environmental management
- Marketing and public relations

Financial Plan

• 2015 Central Fund

Total budget of 2,377.75 MB

• Integrated Budget Plan

2016: Total budget of 6,168.91 MB.

2017: Total Budget of 10,267.52 MB.

2018: Total Budget of 9,883.50 MB

2019: Total Budget of 8,757.98 MB

HR Plan

Responsible government agencies working under 6 sub-committees of the NC-SEZ

Progress : Announcement of Establishing SEZ Areas



In 2015, Thailand commenced the establishment of special economic zones (SEZs) in 10 provinces.

- The first phase SEZs are located in 5 provinces, namely Tak, Mukdahan, Sakaeo, Trat, and Songkhla.
- The second phase SEZs are located in 5 provinces, namely Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi.

Special Economic Zones	Area	
	Sq.kms.	Rai
10 SEZs	6,220.05	3,887,507.21
Tak (14 Sub-districts in 3 districts)	1,419.00	886,875.00
Mukdahan (11 Sub-districts in 3 districts)	578.50	361,542.50
Sakaeo (4 Sub-districts in 2 districts)	332.00	207,500.00
Trat (3 Sub-districts in Khlong Yai district)	50.20	31,375.00
Songkhla (4 Sub-districts in Sadao district)	552.30	345,187.50
Nong Khai (13 Sub-districts in 2 districts)	473.67	296,042.00
Narathiwat (5 Sub-districts in 5 districts)	235.17	146,981.25
Chiang Rai (21 Sub-districts in 3 districts)	1,523.63	952,266.46
Nakhon Phanom (13 Sub-district in 2 districts)	794.79	496,743.75
Kanchanaburi (2 Sub-districts in Mueang district)	260.79	162,993.75

Progress : Incentives Scheme



The private sector can currently submit investment project application. BOI has announced investment promotion for SEZ, highest incentives are granted to target activities, and easing investment conditions are offered to SMEs. Moreover, Non-BOI promoted projects can apply for the reduction of corporate income tax of company or juristic partnership located in the SEZ, and conditions for ease of the bonded warehouse establishment are stipulated.

Easing Condition for SMEs



- Minimum project investment of five hundred thousand baht
- Allow to use the used machinery in promoted projects, but not exceeding 10 million baht

BOI's Incentives



- 1) General activities under the BOI's list of eligible activities
- 2) 13 Target activities as designated by the National Committee on SEZ Development (NC-SEZ):
 - 8 years corporate income tax exemption,
 - an additional 50% reduction on corporate income tax for 5 years
 - submission of investment project application by 30 Dec 2020

Incentives set apart from BOI's Investment Promotion List



Revenue Department

- 1) Reduction of corporate income tax from 20% to 10% in 10 of accounting periods
- 2) Submission of investment project application from 10 Aug 2015 to 30 Dec 2020

Customs Department

- 1) Reduction of registered capital for bonded warehouses from 10 to 5 million baht
- 2) Free zone's registered capital must value at 10 million baht or higher

Progress : Target Activities for SEZ

13 Groups of Target Activities Approved by NC-SEZ

- | | |
|----|---|
| 1 | Agro-industry, fishery industry, and related activities |
| 2 | Ceramic products manufacturing |
| 3 | Textile and garment industries, and manufacture of leather products |
| 4 | Manufacture of furniture or parts |
| 5 | Manufacture of gems and jewelry or parts |
| 6 | Manufacture of medical devices or parts |
| 7 | Manufacture of engine and vehicle parts, and manufacture of machinery, equipment, and parts |
| 8 | Electronics and electrical appliances industries |
| 9 | Manufacture of plastic products |
| 10 | Manufacture of Medicine |
| 11 | Logistics |
| 12 | Industrial zones / industrial estates |
| 13 | Tourism promotion service and activities to support tourism |

Additional Target Activities Announcement

Activities eligible for promotion:

1. Crop drying and silo facilities
2. Manufacture of products from agricultural by-products or agricultural waste (except for those with uncomplicated production processes, e.g. drying, dehydration)
3. Metal Fabrication industry
4. Production of printed matter

Target activities not on the list of BOI's Investment Promotion activities, but receiving incentives for investment in SEZs:

1. Manufacture of animal feed or mixes for animal feed
2. Manufacture of construction materials and manufacture of high-pressure concrete for public utilities work
3. Manufacture of body care products, e.g. soap, shampoo, toothpaste, cosmetic products
4. Manufacture of plastic products for consumer goods
5. Manufacture of pulp or paper articles
6. Factory development of industrial plants and/ or warehouses

Progress : Land Acquisition and Management

1

State-owned land has been designated for rental/development in 9 SEZs

1. Sakaeo (Aranyaprathet district, total area of 1,186-3-23 rai)
- Area 1, total area of 525-3- 0 rai : CIQ is in the process of construction and expected to be finished by 2019.
- Area 2, total area of 660-2-23 rai : Industrial Estate Authority of Thailand (IEAT) had already finished the Industrial Estate (IE Phase 1) and IE Phase 2. Factories are expected to be gradually operated by August 2019.

2. Trat (Klong Yai district, total area of 888-2-72 rai)
The Property Perfect Public Company Limited leased state-owned land from the Treasury Department in November 2016 and in the process of adjusting plan for investment.

3. Kanchanaburi (Mueng district, total area of 8,193 rai)
Prompreangchai construction Company Limited leased state-owned land (2,979-0-72 rai) from the Treasury Department on 13 November 2018. At present, it is in the process of preparing for construction.

4. Tak (Mae Sot district, total area of 2,182-3-64 rai) for private to rent 1,055-2-81 rai, and 671-2-05 rai for IEAT to rent.
The Treasury Department is in the process of investor selection.

5. Songkla (Sadao district, total area of 1,069-2-08.7 rai)
IEAT has a plan to establish the Industrial Estate in 927-3-70 rai of state-owned land area as follows:
- Area 1, total area of 629-1-70 rai : the Cabinet has already approved investment project. The construction was started in April 2019 and will be finished by January 2021.
- Area 2, total area of 298-2-00 rai : In the process of state-owned land acquisition.

6. Mukdahan (Mueng district, total area of 1,081-0-23.1 rai)
7. Nong Khai (Sakhray district, total area of 718-0-46 rai)
8. Nakhon Phanom (Mueng district, total area of 1,363-2-17.1 rai) Treasury Department is in the process of allowing JCK International Company Limited to lease state-owned land.
Mukdahan and Nong Khai: Treasury Department is preparing for bidding and consulting relevant agencies from both private and public sectors about incentive and supportive factors for investment in SEZs. Treasury Department

Narathiwat: Southern Border Provinces Administrative Centre, Narathiwat Province and concerned agencies are in the process of preparing additional document to request for budget allocation to purchase a piece of land in Narathiwat.

Remarks
Chiang Rai: Subcommittee on Land Acquisition and Management agrees to withdraw state-owned land acquisition for Chiang Rai SEZ and promotes Chiang Rai SEZ through investment promotion measures such as BOI scheme, labor management and city planning instead of state-owned land acquisition.

Progress : Land Acquisition and Management (2)

2

- ❖ Define investor criteria
- ❖ Announce land rental rate and land rental fee of state-owned land in SEZ



Provinces	Land rental rate/rai/year (baht/ 1st year)	Land rental fee /rai/50 years (baht)	Note
Tak	36,000	250,000	<ul style="list-style-type: none">• Rental period of 50 years and another 50 years extension• Land rental rate/rai/year (increase 15% in every 5 years)• Land rental fee (5 years installment with payment in 6th-10th year)
Sakaeo	32,000	225,000	
Trat	24,000	160,000	
Songkla	40,000	300,000	
Nakhon Phanom	8,400	140,000	<ul style="list-style-type: none">• Rental period of 50 years and another 50 years extension• Land rental rate/rai/year (increase 9% in every 3 years)• Land rental fee (5 years installment with payment in 6th-10th year)
Nong Khai	2,100	35,000	
Mukdahan	1,800	30,000	
Kanchanaburi	1,200	20,000	

Progress : Labor Management and One Stop Service Center

1



OSS for Investment

- OSS center opens in 10 SEZ areas.
- OSOS Center at Chamchuri Square opened on 9 July 2015 and links with OSS at each SEZ.



OSS for Labor, Public Health and Security in ... Province

- Located in 10 SEZ areas
- OSS provides registration service in Sakaeo Trat, Tak, Chiang Rai, and Kanchanaburi for migrant workers working on a temporary basis.

2

Labor

On 18 February 2015, Cabinet endorsed foreign workers from Myanmar, Laos PDR and Cambodia to work in the Kingdom on a temporary basis during the prescribed periods or seasons provided according to Section 14, Alien Working Act, B.E. 2551 (2008). Relevant agencies were assigned as follows:

- [The Entering of Alien workers](#) to work in the Kingdom on a temporary basis during the prescribed periods.
 - 1) Ministry of labor has announced the regulation of the office of prime minister on stipulated location, religion, type of work and labor condition to allow the legal permission regarding Section 14, provide a guidance to work permit.
 - 2) Ministry of Interior has announced the exception of alien labor from Myanmar, Lao PDR and Cambodia to work in Thailand.
 - 3) Ministry of Foreign Affairs has signed Agreement on Border Crossing with neighboring countries with Cambodia and Myanmar successfully. The Agreement with Lao PDR is under consideration of Lao PDR.



- [OSS centers on Labor in 10 SEZ areas](#) have been established by Ministry of labor. Between October 2017 to May 2019, 248,014 workers from Myanmar and Cambodia have worked in Thailand on a temporary basis.
- [12,297 Thai workers](#) have participated in skill development training courses organized by Ministry of Labor in accordance with the demand of industrial sector in SEZs between October 2018 to 31 May 2019.
- [Labor protection by Ministry of Labor](#) includes protection, promotion, development with no illegal labor management, labor relations management, and conflicts to watch in enterprise.
- [Ministry of Public Health](#) specifies Alien workers to apply for health insurances scheme in order to get medical checkups at least once a year and treatments.
- [The automatic fingerprints database](#) has been set up by Immigration Bureau to link Alien Workers mobility information to the central office.

Progress : Infrastructure and Customs Checkpoint Development in SEZ

Area	Completion Date	Prominent Infrastructure and Checkpoint Project in SEZ
Tak	2022	2019: The road linking to the 2 nd Thailand – Myanmar Friendship Bridge (Completed)/ Highways No.12 (Tak – Mae Sot, Section 1,2 and 3 were completed and Section 4 is under construction) / 2020: The 2 nd Mae Sot customs checkpoint/ Mae Sot Airport (Runway extension)/ 2022: Tak Industrial Estate (Mae Sot)
Sa Kaeo	2020	2018: Sa Kaeo Industrial Estate / Railway linking Kaeng Khoi - Khlong Sip Kao - end of Khlong Luek Bridge / Highways linking Aranyaprathet-Border of Thailand-Cambodia (Ban Nong Ian)/ 2019: Aranyaprathet customs checkpoint (Ban Pa Rai) / 2020: Aranyaprathet customs checkpoint (Ban Nong Ian)
Song Khla	2021	2019: New Sadao customs checkpoint / Road from Highways No.4 to New Sadao customs checkpoint/ 2021: Song Khla Industrial Estate (Sadao)
Trat	2019	2018: 4 lane road linking to Khlong Yai Seaport / Khlong Yai Seaport (Completed) 2019: Highways No.3 Trat – Hat Lek (Section 2 – 3)/Road from T. Mairood-Ban Klong Jag
Mukdahan	2019	2019: Highways No.12 Kalasin – Ban Na Krai – Khamcha-i/ Highways No.212 Wan Yai – That Phanom/ Mukdahan customs checkpoint facilities
Nong Khai	2020	2017: Highways No.212 Phon Phisai – Bueng Kan Section 1 (Completed) 2018: New Nong Khai border checkpoint (Completed)/ 2020 : Road from Highways No.2 to Highways No.211
Kanchanaburi	2019	2017: Highways No. 367 and Bypass (Completed) / 2019: Phu Nam Ron customs checkpoint
Chiang Rai	2020	2018: Facilities at Mae Sai customs checkpoint (Completed)/ Highways No.1290 Chiang Saen– Chiang Khong Section 3 (Completed) 2019: Chiang Rai Bypass on the west/ Chiang Khong Intermodal Facilities Center 2020: New Chiang Saen customs checkpoint
Nakhon Phanom	2020	2018 : New Nakhon Phanom customs checkpoint (Completed)/ 2020: Highways No.212 (Nakhon Phanom – Tha U Then)/ Road Sai NGOR, Sai KOR 3 and KOR 4 (principle city planning) in Nakhon Phanom/ 2021: Nakhon Phanom border logistic center
Narathiwat	2023	2018: Improvement of Su Ngai Kolok customs checkpoint (Completed)/ Expansion of Buketa Customs Checkpoint (Phase 3) (Completed)/ 2023: Narathiwat Industrial Estate

Current Status of SEZs

10 SEZs	Announcement of Designated Areas to be SEZ	Incentive, Target Activities and Investment	OSS for Investment	Basic Infrastructure and Border Checkpoints ¹	Develop social, natural resources and environment	Land Acquisition ²	OSS for Labor, Public Health and Security in Province ³	Urban planning ⁴ (process)
Tak	✓	✓	✓	<div><div></div></div> /2022	✓	✓	✓	4/18
Sakaeo	✓	✓	✓	<div><div></div></div> /2020	✓	✓	✓	5/18
Trat	✓	✓	✓	<div><div></div></div> /2019	✓	✓	✓	8-9/18
Mukdahan	✓	✓	✓	<div><div></div></div> /2019	✓	✓		5/18
Songkhla	✓	✓	✓	<div><div></div></div> /2021	✓	✓	✓	7/18
Nong Khai	✓	✓	✓	<div><div></div></div> /2020	✓	✓		5/18
Nakhon Phanom	✓	✓	✓	<div><div></div></div> /2021	✓	✓		4/18
Chiang Rai	✓	✓	✓	<div><div></div></div> /2020	✓	-	✓	5/18
Kanchanaburi	✓	✓	✓	<div><div></div></div> /2019	✓	✓	✓	6/18
Narathiwat	✓	✓	✓	<div><div></div></div> /2023	✓		✓	4/18

¹ Budget for basic infrastructure and border checkpoints are allocated in 2015-2019 and now under construction.
 ² Songkhla has already provided area 629 rai to IEAT for rent and there are some areas that is in the process of resolving state-owned land' s problem with local people/Southern Border Provinces Administrative Centre will request budget allocation to purchase land in Narathiwat /Chiang Rai: Subcommittee on Land Acquisition and Management agreed to withdraw state-owned land acquisition for Chiang Rai SEZ and promote Chiang Rai SEZ through investment promotion measure such as BOI scheme, labor management and city planning in stead of state-owned land acquisition.
 ³ OSS for labor, public health and security in Mukdahan, Nong Khai and Nakhon Phanom SEZ have already been established and the permission for foreign workers from Lao PDR to work in these three SEZs is in the process of negotiation and will be effective after signing Agreement on Border Crossing with Lao PDR.
 ⁴ In the process of Urban planning and SEZ Master Plan preparation (18 steps)

Completed

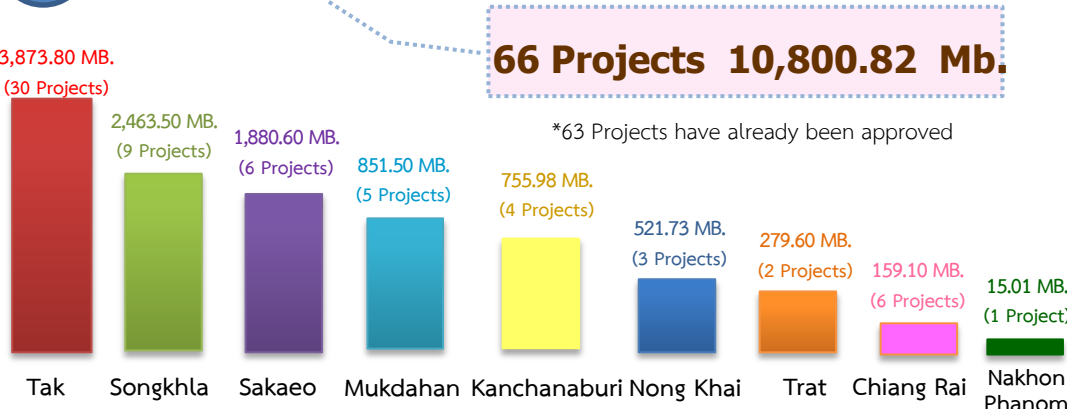
In progress

With issues

July 2019
 10

Investment in SEZ: 22,650 MB

1 Application for Investment Promotion from BOI (2015-present)



Tak : Ready-to-wear clothes/Plastic product/ Automotive, machine & parts/ Coil EMC Filter and Transformer

Songkhla : Virgin Coconut oil/ Ceramic Dipping Former/ Natural rubber gloves/ Plastic Strip

Sakaeo : Plastic package/ Animal Feed/ Metal Parts/Layer Cake

Mukdahan : Construction equipment & tool/Plastic product/Instant preserved food

Kanchanaburi : Animal Feed/ Soap/ Cosmatic/ Skincare Product

Nong Khai : Container/ Pallet/ Block Rubber/ Electricity

Trat : Animal Feed/Plastic package

Chiang Rai : Crepe rubber/Crop drying and silo facilities/Animal Feed/Hospital

Nakhon Phanom : Solar power

- ### Investor's Nationality
- Investors from 8 countries have been interested in investing in SEZs and requested for investment promotion for 22 projects valued 3,517.84 Mb. as follows:
- 1) Japan and Joint Thai-Japan 1,058.40 Mb. for 3 projects

2) Malaysia 1,439.80 Mb. for 6 projects

3) Taiwan 472.80 Mb. for 2 projects

4) Australia 365.20 Mb. for 2 projects

5) South Korea 50 Mb. for 1 project

6) India 37 Mb. for 1 project

7) China and Joint Thai-China 18.70 Mb. for 3 projects

8) Netherlands 34.94 Mb. for 2 projects

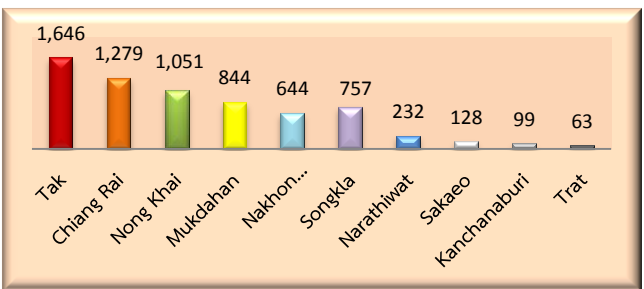
9) Singapore 35 Mb. for 1 project

2 Land developer selected by The Treasury Department to develop state-owned land in SEZ

Trat: Develop state-owned land in Trat SEZ to be a city of international tourism center, food safety and international trade system services

Kanchanaburi: Develop state-owned land in Kanchanaburi SEZ to be Industrial zone, commercial and logistics center

Nakhon Phanom: Develop state-owned land in Nakhon Phanom SEZ to be cultural city, convention center, industrial zone, commercial and logistics center

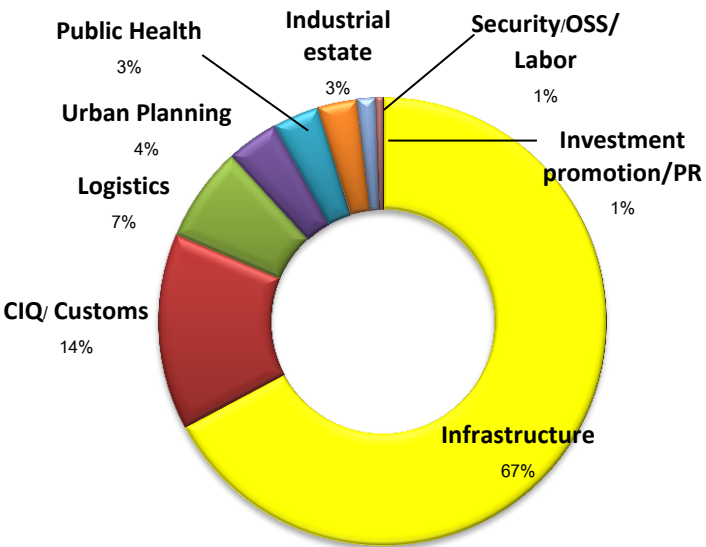
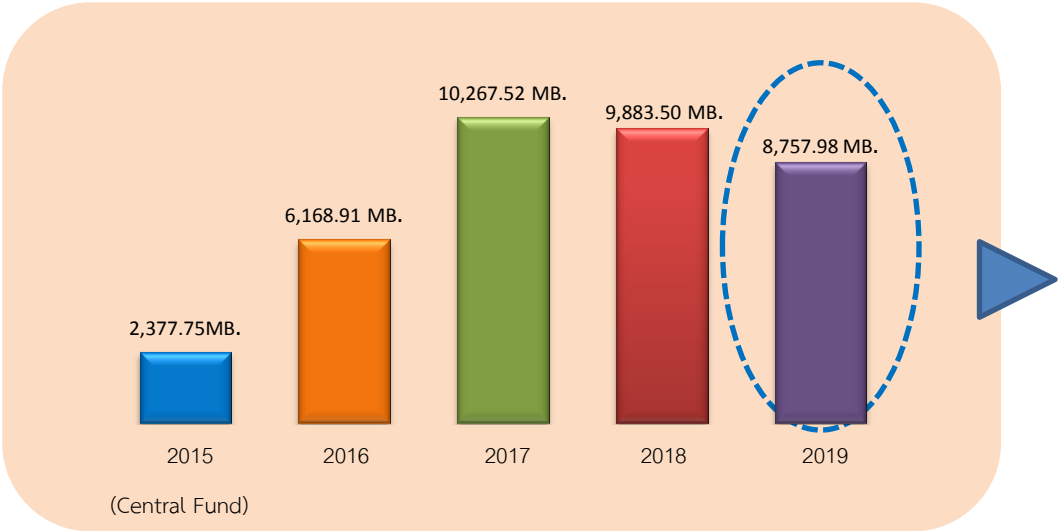


Source : Department of Business Development

3 New Business Registration in SEZ

From 2014 to March 2019, **3,407** companies registered for business establishment in 10 SEZs

Budget Allocation for SEZ Development



Significant Projects of SEZ Integrated Budget Plan in 2019

Significant Projects :

- Construction of transport infrastructure such as road, airport, seaport and bridge etc.
- Construction of border checkpoint, cargo and enhancement of potential agricultural checkpoint
- Improvement of provincial waterworks construction
- Preparation of land use planning
- Setting emerging disease and disease prevention and control system, health care system and labor health insurance
- Construction of industrial estate in Sa Kaeo
- Establishment of investment OSS, training and building network for entrepreneur
- Establishment of labor OSS and granting work permit
- Expand border trade and investment

Next Step of SEZ Development

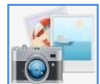


- ✓ Enhance trade and tourism by accelerating project/measure implementation of relevant government agencies
- ✓ Strengthen development cooperation between Thailand and neighboring countries in order to change the border to bridge
- ✓ Encourage SMEs to invest in SEZs and welcome private investment



High Potential Investment SEZ Areas,

namely **Tak** , **Songkhla**, **Sa Kaeo** and **Mukdahan**



➤ **Strengthen** connectivity development with neighboring countries

➤ **Identify additional measures** such as:

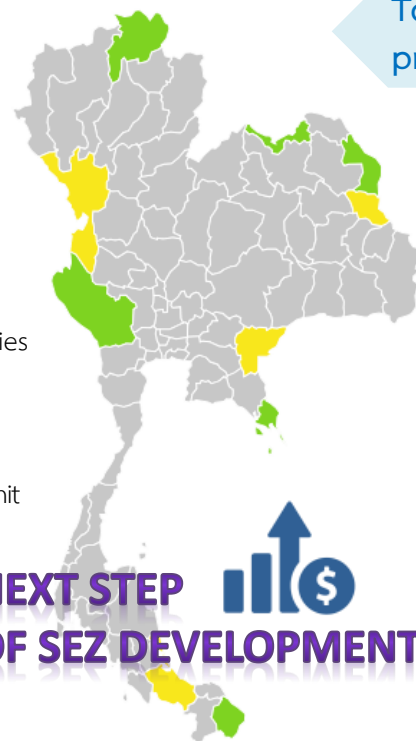
- Strengthen SMEs by providing loans (soft loan/credit guarantee)
- Enhance infrastructure connectivity and economic activities with neighboring countries
- Support co-marketing and public relations among CLMV

➤ **Welcome private investment** in **SEZs**. Private sector can submit projects and Government provides essential facilities/measures.



SEZ Areas for Tourism, Trade and Services Enhancement.

namely **Trat**, **Nong Khai**, **Nakhon Phanom**
Chiang Rai, **Kanchanaburi** and **Narathiwat**



**NEXT STEP
OF SEZ DEVELOPMENT**

To accelerate the completion of project/measure implementation 10 SEZs



- Construction of transport infrastructure/ border checkpoint linking with neighboring countries
- CIQ efficiency increase
- Implementation of Cross-Border Transport Agreement (CBTA) in GMS with neighboring countries
- One Stop Service (OSS) efficiency enhancement
- Town planning formulation and land acquisition for SEZ development